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ENVIRONMENT IN THE 1990's - CHALLENGES AND DEMANDS

Introductory report of the Executive Director

Addendum

ENVIRONMENT AND ECONOMICS

Supplement

# INTERNATIONAL ECONOMIC CO-OPERATION, ENVIRONMENTALLY SOUND DEVELOPMENT AND REVITALIZATION OF ECONOMIC GROWTH

1. UNEP strongly affirms that there is a need to revitalize growth and development in the developing countries, in line with the "Declaration on International Economic Co-operation, in Particular the Revitalization of Economic Growth and Development of the Developing countries" as set out in General Assembly resolution S-18/3 of 1 May 1990. Living conditions in Africa, Latin America and the Caribbean and in parts of Asia have deteriorated, impairing stability and the prospects for growth and development. Environmental neglect and degradation have played a critical part in perpetuating economic stagnation in many developing countries. Growing environmental problems, such as pollution, desertification, deforestation and climate change increasingly pose a serious threat to the future growth of the world economy. Economic growth and development in the developing countries are essential in order to address the problems of degradation of the human environment and to protect the environment. Likewise, economic growth cannot be revitalized and sustained unless environmental problems are addressed effectively. International economic co-operation has to play a key role in helping the developing countries break out of the vicious circle of environmental degradation, economic stagnation and mass poverty.

2. To make a breakthrough, it is essential that international economic co-operation, national economic management, environmental management, and social development policies and programmes address the root causes of poverty and economic stagnation. Inequalities in international economic relations, coupled with short-sighted economic and social development policies in many countries, continue to undermine sustainable development and bring about environmental degradation.

3. Many developing countries today find themselves unable to mobilize the necessary finances to (a) apply available technology to meet the environmental quality standards for safeguarding human health; or (b) fulfil obligations under international environmental agreements. The heavy burdens of debt servicing, restricted access to the markets of developed countries unfavourable terms of trade for exports, a drop in private foreign investments, reduced development aid flows and the implementation of austerity measures in the wake of structural adjustment and economic reforms have made it practically impossible for most developing countries to allocate adequate finances for environmental conservation and rehabilitation. In the absence of such allocations, productivity, incomes, savings and investments decline, mortality increases, expectations become pessimistic, and economic growth remains elusive. The developing countries need to be assisted by way of concessionary transfers of environmentally sound technology, more open access for their exports to the markets of developed countries, debt relief and restructuring, and concessionary additional finance to address the pressing challenges of managing their natural resources and environment.

4. Present levels and means of international economic co-operation are inadequate to improve environmental management and revitalize and sustain economic growth in the developing countries. New means, based on a firm commitment to global solidarity and long-term well-being, have to be found through international economic co-operation. The establishment of the Global Environmental Facility (GEF), jointly managed by the World Bank, UNDP and UNEP, and of the Interim Multilateral Ozone Fund, under UNEP, to help finance developing countries' initiatives to prevent depletion of the ozone layer are two recent examples of innovative international financing mechanisms. They illustrate the fact that, given the political will, it is possible to address global environmental challenges in a concerted manner. It is now necessary to extend this success in global environmental co-operation to international economic co-operation and, in the process, link the two firmly together, in order for them to be mutually supporting.

5. The GEF and the Interim Multilateral Ozone Fund, which are based on voluntary government contributions, will help to meet only a small part of the developing countries' needs for additional finance. The global challenges of enhancing international economic co-operation and revitalizing economic growth are pressing enough to explore how finances can be raised by levying global charges for depletion of scarce natural resources and for global or transfrontier pollution, by internationally applying the "polluter pays" principle, and by establishing mechanisms to allocate funds mobilized in this way to revitalize economic growth, transfer the necessary technology to the developing countries, and promote international trade, investments and better environmental management in all countries.

6. The revitalizing of economic growth requires the co-ordinated implementation of social development, economic development and environmental management policies in the developing countries, as well as international economic and environmental co-operation to support the developing countries' efforts. As stressed earlier, environmental degradation is both a major effect and a cause of economic stagnation. Without committed policy reform in the developing countries and innovative international co-operation from the developed countries, encompassing policy adjustments and financial transfers, it will not be possible to overcome this stagnation. And, as indicated earlier, if growth is not revitalized in the developing countries there is little prospect of accentuating and sustaining world economic growth and well-being.

7. Since the mid-seventies, UNEP, by way of its contributions in policy analysis and guidance, has elucidated the interrelationships between population, natural resources, environment and development. UNEP has also highlighted the linkages between mass poverty, a failure to satisfy basic needs, and environmental degradation. UNEP's work has helped put in perspective the issues of rapid population growth and its spatial distribution, the carrying capacities of ecosystems, patterns of development and lifestyles in developing and developed countries, and policies and patterns of international economic co-operation and international development co-operation. Since its inception, UNEP has consistently stressed that environmental issues often have their roots in social and economic policies and practices, and that they cannot be effectively dealt with in the absence of an integrated approach to environment and development.

8. The enhancement of international economic co-operation will not automatically improve environmental conditions in the developing countries or revitalize and sustain economic growth; such co-operation needs to be guided and monitored towards that objective. For example, in the face of stringent environmental standards and regulations in certain countries, transnational corporations may be inclined to relocate polluting technologies and equipment to the developing countries. Moreover, such investments in the developing countries may not be accompanied by the management regimes required to minimize the known environmental risks. Similarly, exports of environmentally hazardous chemicals to the developing countries, when unaccompanied by relevant information and without the prior informed consent of the recipient country, may pose serious risks to the environment, human health and safety. Exports of hazardous wastes to developing countries that lack the capacity to treat them and dispose of them safely may wreak havoc on the water supplies, agriculture, tourism, ecosystems and human health.

9. In order to help build up the positive support between international economic co-operation, environmentally sound development and economic growth, UNEP has worked with Governments and organizations and bodies of the United Nations system to mobilize and disseminate relevant information and analyses, provide the required principles and guidelines, promote the development of methodologies to interlink environmental and development concerns, and catalyse intergovernmental agreements. UNEP's International Register of Potentially Toxic Chemicals disseminates information on hazardous chemicals and, in collaboration with World Health Organization and the International Labour Organisation provides guidelines on chemical safety. In 1989, UNEP's Governing Council adopted the Amended London Guidelines for the Exchange of Information on Chemicals in International Trade and UNEP monitors their implementation, with particular attention to the prior informed consent (PIC) procedure. UNEP is preparing draft model national legislation to assist the developing countries in implementing the Amended London Guidelines, and plans additional efforts to develop similar guidance material for the other functional components of a comprehensive chemical management scheme.

10. Under the auspices of UNEP, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal was adopted in March 1989. In 1985, UNEP collaborated with the United Nations Centre for Transnational Corporations to prepare a survey of environmental aspects of activities of transnational corporations which, inter alia, made recommendations on integrating environmental management considerations into the investment practices of transnational corporations. In collaboration with the United Nations Conference on Trade and Development (UNCTAD), UNEP prepared studies on the possible impact of environmental policies on international trade. UNEP catalysed the establishment of the Committee of International

Development Institutions for the Environment, which regularly reviews the performance and policies of multilateral development institutions in terms of their impact on the environment. UNEP collaborated with the UNDP and the World Resources Institute in the International Conservation Financing Project, which examined ways and means of raising additional finance to enable the developing countries to address their environmental management challenges. UNEP collaborates with the World Bank, UNDP and other concerned organizations and bodies of the United Nations system to provide advice and assistance to the developing countries to enhance their capabilities to plan environmentally sound development. UNEP also provides for relevant training and exchange of expert experience in this field.

11. One special feature UNEP brings to bear on promoting positive support between international economic co-operation, environmental management and economic growth is the information, data, analyses and co-ordination it provides to address sub-regional, regional and global environmental problems. The Action Plan for the Environment in Latin America and the Caribbean, the African Ministerial Conference on the Environment, the Council of Arab Ministers responsible for Environment, the action plans to deal with environmental problems of regional seas around the world, the Convention on International Trade in Endangered Species (CITES), and the Montreal Protocol on Substances that Deplete the Ozone Layer exemplify, in various ways, how UNEP has sought to relate international environmental co-operation to international economic co-operation, and to link both of them to environmental policies and development patterns within countries.

12. In conclusion UNEP also believes, as stated in paragraph 29 of the "Declaration on International Economic Co-operation, in Particular the Revitalization of Economic Growth and Development of the Developing Countries," that the current threat to the environment should be the common concern of all countries, and that all countries, developed or developing, must take effective actions to protect and enhance the environment in accordance with their respective capacities and responsibilities. Without environmentally sound development, it will not be possible to revitalize and sustain economic growth. New and additional finance will have to be channelled to developing countries to enable them to deal with global, regional and domestic environmental problems. Moreover, through international environmental and economic co-operation, effective modalities have to be explored by means of which the developing countries can obtain favourable access to and transfers of environmentally sound technologies.

13. The GEF and the Interim Multilateral Ozone Fund are promising beginnings. UNEP will continue to work with Governments and the rest of the United Nations system, including UNCTAD, the United Nations Industrial Development Organization, UNDP, World Bank, the Food and Agriculture Organization of the United Nations, the World Intellectual Property Organization, and the General Agreement on Tariffs and Trade, in order to utilize the full potential for building mutual support between international economic co-operation, environmentally sound development and economic growth.

14. The main challenges now are (a) how international economic co-operation may be accelerated and channelled to enable the developing countries to diversify their economies and cut the mismanagement of their natural resource base; (b) how technologies, equipment and expertise for minimizing air and water pollution and land degradation may be transferred to and effectively used in the developing countries; (c) how the developing countries may be enabled to mobilize adequate levels of finance for investment in rehabilitating natural resources and improving the urban environment; (d) how the development of technologies to improve efficient energy use and optimize

the use of renewable natural resources can be encouraged in the developing countries; and (e) how international economic co-operation can enable the developing countries to adjust policies and programmes to alleviate mass poverty and evolve a more broad-based pattern of economic growth. The "Environmental Perspective to the Year 2000 and Beyond," which provides a framework for national action and international co-operation and, provides strategic pointers for the adjustment of international economic relations to promote environmentally sound development, was adopted by the Governing Council in its decision 14/13, annex. It was transmitted to the General Assembly and subsequently adopted under resolution 42/186 of 11 December 1987. It is incumbent upon the international community to implement the policy measures in respect of international economic relations as contained in the Environmental Perspective.

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